

## HOUSE BILL No. 1530

---

### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1.

**Synopsis:** Property tax exemptions. Provides that a fraternal organization is entitled to a property tax exemption applied in the form of a credit against the property taxes on otherwise taxable property in the amount of 1/3 of the organization's average contributions to charity or to a college scholarship fund in the preceding two years. Allows political subdivisions to adjust assessed values used to set property tax rates to avoid shortfalls that would otherwise result from the credits.

**Effective:** January 1, 2008.

---

---

**Denbo**

---

---

January 23, 2007, read first time and referred to Committee on Ways and Means.

---

---

C  
o  
p  
y



First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

## HOUSE BILL No. 1530

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-1.1-10-16.2 IS ADDED TO THE INDIANA  
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
3 [EFFECTIVE JANUARY 1, 2008]: **Sec. 16.2. (a) As used in this**  
4 **section, "average contributions" refers to the average annual**  
5 **contributions made to any of the following during the two (2)**  
6 **calendar years that immediately precede the calendar year in**  
7 **which a fraternal organization applies for an exemption under**  
8 **IC 6-1.1-11:**

9           (1) An organization exempt from federal income taxation  
10          under Section 501(c)(3) of the Internal Revenue Code.

11          (2) A scholarship fund of a state college or university.

12       (b) As used in this section, "fraternal organization" means an  
13 association or a corporation:

14           (1) of which the membership is comprised of or forms:

15               (A) a lodge, local chapter, or corresponding unit of:

16                   (i) a fraternal order; or

17                   (ii) another association of a like nature; or

C  
o  
p  
y



(B) a body whose membership is comprised of persons who have served in the armed forces of the United States; and (2) that has been in continual existence on a national scale for at least five (5) years before the assessment date for which an application for exemption is filed under IC 6-1.1-11.

(c) Subject to subsection (d), in addition to a property tax exemption for which a fraternal organization qualifies under any other law, a fraternal organization is entitled to an exemption of tangible property owned by the fraternal organization in the county based on the fraternal organization's average contributions. A fraternal organization must apply for an exemption under this section under IC 6-1.1-11. Subject to subsection (e), an exemption under this section applies in the form of a credit in the amount of the lesser of:

- (1) one-third (1/3) of the amount of the average contributions; or
- (2) the property taxes first due and payable with respect to all tangible property owned by the fraternal organization in the county for the first assessment date to which the exemption application applies.

(d) A fraternal organization may not use the same average contributions to claim property tax exemptions under this section in different counties.

(e) If an exemption is determined for more than one (1) year, the amount of the credit is determined after the first year to which the exemption application applies in the form of a credit in the amount of the lesser of:

- (1) one-third (1/3) of the average contributions that apply for purposes of subsection (c)(1); and
- (2) the property taxes first due and payable with respect to all tangible property owned by the fraternal organization for the later year.

(f) The property tax assessment board of appeals:

(1) must determine under IC 6-1.1-11-7:

(A) whether a fraternal organization qualifies for the exemption under this section; and

(B) if the fraternal organization qualifies for the exemption under this section, the amount of credit for which the fraternal organization qualifies under subsection (c); and

(2) shall immediately notify the county auditor and the county treasurer of the board's determination under subdivision (1).

(g) The county auditor and county treasurer shall apply the

**C  
o  
p  
y**



credits determined under this section to tax statements issued under IC 6-1.1-22-8.1(b). A fraternal organization is not required to file an application other than the application required under subsection (c) to obtain a credit.

SECTION 2. IC 6-1.1-10-36.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 36.5. (a) **Subject to IC 6-1.1-10-16.2**, tangible property is not exempt from property taxation under sections 16 through 28 of this chapter or under section 33 of this chapter if it is used by the exempt organization in a trade or business, not substantially related to the exercise or performance of the organization's exempt purpose.

(b) Property referred to in sections 16 through 28 of this chapter or under section 33 of this chapter shall be assessed to the extent required under IC 6-1.1-11-9.

(c) The department of local government finance shall adopt rules under IC 4-22-2 to carry out this section.

SECTION 3. IC 6-1.1-11-3, AS AMENDED BY P.L.154-2006, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) Subject to subsections (e), (f), and (g), an owner of tangible property who wishes to obtain an exemption from property taxation shall file a certified application in duplicate with the county assessor of the county in which the property that is the subject of the exemption is located. The application:

(1) must be filed annually before May 15 on forms prescribed by the department of local government finance; **and**

(2) **may be filed:**

(A) **for the purpose of claiming an exemption under IC 6-1.1-10-16.2;**

(B) **for the purpose of claiming an exemption under any other law; or**

(C) **for both of the purposes described in clauses (A) and (B).**

Except as provided in sections 1, 3.5, and 4 of this chapter, the application applies only for the taxes imposed for the year for which the application is filed.

(b) The authority for signing an exemption application may not be delegated by the owner of the property to any other person except by an executed power of attorney.

(c) An exemption application which is required under this chapter shall contain the following information:

(1) A description of the property claimed to be exempt in sufficient detail to afford identification.

**C  
o  
p  
y**



(2) A statement showing the ownership, possession, and use of the property.

(3) The grounds for claiming the exemption.

(4) The full name and address of the applicant.

(5) For the year that ends on the assessment date of the property, identification of:

(A) each part of the property used or occupied; and

(B) each part of the property not used or occupied;

for one (1) or more exempt purposes under IC 6-1.1-10 during the time the property is used or occupied.

**(6) For a fraternal organization, the amount of average contributions under IC 6-1.1-10-16.2.**

~~(6)~~ (7) Any additional information which the department of local government finance may require.

(d) **Subject to IC 6-1.1-10-16.2**, a person who signs an exemption application shall attest in writing and under penalties of perjury that, to the best of the person's knowledge and belief, a predominant part of the property claimed to be exempt is not being used or occupied in connection with a trade or business that is not substantially related to the exercise or performance of the organization's exempt purpose.

(e) An owner must file with an application for exemption of real property under subsection (a) or section 5 of this chapter a copy of the township assessor's record kept under IC 6-1.1-4-25(a) that shows the calculation of the assessed value of the real property for the assessment date for which the exemption is claimed. Upon receipt of the exemption application, the county assessor shall examine that record and determine if the real property for which the exemption is claimed is properly assessed. If the county assessor determines that the real property is not properly assessed, the county assessor shall direct the township assessor of the township in which the real property is located to:

(1) properly assess the real property; and

(2) notify the county assessor and county auditor of the proper assessment.

(f) If the county assessor determines that the applicant has not filed with an application for exemption a copy of the record referred to in subsection (e), the county assessor shall notify the applicant in writing of that requirement. The applicant then has thirty (30) days after the date of the notice to comply with that requirement. The county property tax assessment board of appeals shall deny an application described in this subsection if the applicant does not comply with that requirement within the time permitted under this subsection.

C  
o  
p  
y



(g) This subsection applies whenever a law requires an exemption to be claimed on or in an application accompanying a personal property tax return. The claim or application may be filed on or with a personal property tax return not more than thirty (30) days after the filing date for the personal property tax return, regardless of whether an extension of the filing date has been granted under IC 6-1.1-3-7.

SECTION 4. IC 6-1.1-17-1, AS AMENDED BY P.L.154-2006, SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. (a) On or before August 1 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners, to the fiscal officer of each political subdivision of the county and the department of local government finance. The statement shall contain:

- (1) information concerning the assessed valuation in the political subdivision for the next calendar year;
- (2) an estimate of the taxes to be distributed to the political subdivision during the last six (6) months of the current calendar year;
- (3) the current assessed valuation as shown on the abstract of charges;
- (4) the average growth in assessed valuation in the political subdivision over the preceding three (3) budget years, excluding years in which a general reassessment occurs, determined according to procedures established by the department of local government finance;
- (5) the amount of the political subdivision's assessed valuation reduction determined under section 0.5(d) of this chapter; ~~and~~
- (6) information concerning credits applicable under IC 6-1.1-10-16.2 to taxes first due and payable in the next calendar year; and**
- ~~(6)~~ (7) any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

(b) The estimate of taxes to be distributed shall be based on:

- (1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and
- (2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

C  
o  
p  
y



(d) Subject to subsection (e) and except as provided in subsection (f), after the county auditor sends a certified statement under subsection (a) or an amended certified statement under this subsection with respect to a political subdivision and before the department of local government finance certifies its action with respect to the political subdivision under section 16(f) of this chapter, the county auditor may amend the information concerning assessed valuation included in the earlier certified statement. The county auditor shall send a certified statement amended under this subsection, under the seal of the board of county commissioners, to:

(1) the fiscal officer of each political subdivision affected by the amendment; and

(2) the department of local government finance.

(e) Except as provided in subsection (g), before the county auditor makes an amendment under subsection (d), the county auditor must provide an opportunity for public comment on the proposed amendment at a public hearing. The county auditor must give notice of the hearing under IC 5-3-1. If the county auditor makes the amendment as a result of information provided to the county auditor by an assessor, the county auditor shall give notice of the public hearing to the assessor.

(f) Subsection (d) does not apply to an adjustment of assessed valuation under IC 36-7-15.1-26.9(d).

(g) The county auditor is not required to hold a public hearing under subsection (e) if:

(1) the amendment under subsection (d) is proposed to correct a mathematical error made in the determination of the amount of assessed valuation included in the earlier certified statement;

(2) the amendment under subsection (d) is proposed to add to the amount of assessed valuation included in the earlier certified statement assessed valuation of omitted property discovered after the county auditor sent the earlier certified statement; or

(3) the county auditor determines that the amendment under subsection (d) will not result in an increase in the tax rate or tax rates of the political subdivision.

**(h) The officers of a political subdivision shall adjust the assessed value used in setting rates for the taxes first due and payable in a calendar year in which credits apply under IC 6-1.1-10-16.2 to eliminate or minimize levy reductions that would otherwise result from the application of those credits.**

**SECTION 5. [EFFECTIVE JANUARY 1, 2008] IC 6-1.1-10-16.2, as added by this act, applies only to assessment dates after**

C  
o  
p  
y



1      **December 31, 2007.**

**c  
o  
p  
y**

